

UMHLABUYALINGANA MUNICIPALITY



SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN

(S D B I P)

2010/2011 BUDGET YEAR

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Introduction

Section 1 of the Municipal Finance Management Act (No.56 of 2003) defines the SDBIP as:

“A detailed plan approved by the mayor of a municipality in terms of section 53

(1)© (ii) For implementing the municipality’s delivery of services and the execution of its annual budget and which must include (as part of the top-layer) the following:

- (a) Projections for each monthly of-
 - (i) Revenue to be collected, by source; and
 - (ii) Operational and capital expenditure, by vote;
- (b) Service delivery targets and performance indicators for each quarter.

The municipal manager is responsible for the preparation of the SDBIP, which must be legally submitted to the mayor for approval once the budget has been approved by the council (around end-May or early-June).

However, the municipal manager should start the process to prepare the top-layer of the SDBIP no later than the tabling of the budget (around March or earlier) and preferably submit a draft SDBIP to the mayor by 1 May (for initial approval). Once the budget is approved by the Council, the municipal manager should merely revise the approved draft SDBIP, and submit for final approval within 14 days after the approval of the budget. The mayor should therefore approve the final SDBIP and performance agreement of the municipal manager public within 14 days, preferably before 1 July. Note that it is only the top layer (of high-level) detail of the SDBIP that is required to be made public.

It is the output and goals made public in the SDBIP that will be used to measure performance on a quarterly basis during the financial year. Note that such in-year monitoring is meant to be a light form of monitoring. The council should reserve its oversight role over performance at the end of the financial year, when the mayor tables the annual report of the municipality. The in-year monitoring is designed to pick up major problems only, and aimed at ensuring that the mayor and municipal manager are taking corrective steps when any unanticipated problems arise. The SDBIP serves a critical role to focus both the administration and council on outputs by providing clarity of service delivery expectations, expenditure and revenue requirements, service delivery targets and performance indicators.

The SDBIP provides the vital link between the mayor, council (executive) and the administration, and facilitates the process for holding management accountable for its performance. The SDBIP is a management, implementation and monitoring tool that will assist the mayor, councilors, municipal manager, senior managers and community. A properly formulated SDBIP will ensure that appropriate information is circulated internally and externally for purposes of monitoring the execution of the budget, performance of senior management and achievement of the strategic objectives set by council. It enables the municipal manager to monitor the performance of senior managers, the mayor to monitor the performance of the municipal manager, and for the community to monitor the performance of the municipality. The SDBIP should therefore determine (and be consistent with) the performance agreements between the mayor and the municipal manager and the municipal manager and senior managers determined at the start of every financial year and approved by the mayor. It must also be consistent with outsourced service delivery agreements such as municipal entities, public-private partnership, service contracts and the like.

The SDBIP concept

Municipal managers are encouraged to develop the SDBIP concept further so that it is meaningful and useful to managers. Many municipal managers will already have some form of management plan and the challenge is to develop such management plans as a SDBIP.

Whilst the budget sets yearly service delivery and budget targets (revenue and expenditure per vote), it is imperative that in-year mechanisms are able to measure performance and progress on a continuous basis. Hence, the end-of-year targets must be based on quarterly and monthly targets, and the municipal manager must ensure that the budget is built around quarterly and monthly information. Being a start-of-year planning and target tool, the SDBIP gives meaning to both in-year reporting in terms of section 71 (monthly reporting), section 72 (mid-year report) and end-of-year annual reports.

The SDBIP is essentially the management and implementation tool which sets in-year information, such as quarterly service delivery and monthly budget targets, and links each service delivery output to the budget of the municipality, thus providing credible management information and a detailed plan for how the municipality will provide such services and the inputs and financial resources to be used. The SDBIP indicates the responsibilities and outputs for each of the senior managers in the top management team, the inputs to be used, and the time deadlines for each output. The SDBIP will therefore determine the performance agreements of the municipal manager and senior managers, including the outputs and deadlines for which they will be held responsible. The SDBIP should also provide all expenditure information ((for capital projects and services) per municipal ward, so that each output can be broken down per ward, where this is possible, to support ward councilors in service delivery information.

The SDBIP is also a vital monitoring tool for the mayor and council to monitor in-year performance of the municipal manager and for the municipal manager to monitor the performance of all managers in the municipality within the financial year. This enables the mayor and the municipal manager to be pro-active and take remedial steps in the event of poor performance. The SDBIP aims to ensure that managers are problem-solvers, who routinely look out for unanticipated problems and resolve them as soon as possible.

The SDBIP also enables the council to monitor the performance of the municipality against quarterly targets on service delivery.

Being a management and implementation plan (and not a policy proposal), the SDBIP is not required to be approved by the council; it is however tabled before council and made public for information and for the purpose of monitoring. The SDBIP should be seen as a dynamic document that may (at lower layers of the plan) be continually revised by the municipal manager and other top managers, as actual performance after each month or quarter is taken into account. However, the top-layer of the SDBIP and its targets cannot be revised without notifying the council, and if there is to be changes in the service delivery targets and performance indicators, this must be with the approval of the council, following approval of an adjustment budget (section 54(1)(c) of MFMA). This council approval is necessary to ensure that the mayor of municipal manager do not revise service delivery targets downwards in the event where there is poor performance.

Timing and Methodology for Preparation of the SDBIP

Section 69 (3)(a) of the MFMA requires the accounting officer to submit a draft SDBIP to the mayor no later than 14 days after the approval of the budget and drafts to the performance agreement as required in terms of the section 57 (1)(b) of the municipal Systems Act. The mayor in accordance with section 53(1) (c) (ii) of the MFMA.

These are legal requirements and deadlines limits to assist a municipality to comply with the law-however, best practice suggests that this be done earlier by municipalities, starting with senior managers to draw up their second layer departmental SDBIPs in the early stages of the planning and budget preparation process in line with the strategic direction set in the IDP. The mayor and municipal manager should lead this process.

The municipality should ideally publish its draft SDBIP with its draft budget, or soon after as supporting documentation to assist its budget hearings process normally held at the end of March or in April. As noted above, the SDBIP should be submitted to the mayor by 1 May at the latest. If the draft SDBIP is to be provided for the budget hearings, the municipality may want to bring this date forward, or provide departmental SDBIPs as supporting information to the relevant committee around the end of March. In this case, the mayor will need to approve such departmental of draft SDBIP by mid-March. It should be noted that it is up to the municipality to determine extra detail, ad whether they wish to bring forward their deadlines for submission and approval. A municipality could also opt to have a high level SDBIP complete with ward break-downs for tabling and publication, but may also in addition make available lower layer departmental SDBIPs and other information as requested by council.

With careful planning of the budget process it may be possible for the mayor to approve the SDBIP on less than 7 days after the council approves the budget. Legally, to take into account of possible revisions to the budget, the Act allows for this to occur not later than 28 days after budget approval.

The SDBIP is a key management, implementation and monitoring tool, which provides operational content to the end-of-year service delivery targets, set in the budget and IDP. It determines the performance agreements for the municipal manager and all top managers, whose performance can then be monitored through section 71 monthly reports, and evaluated through the annual report process.

Monthly Projections of Revenue by Source

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	July 2010	Aug 2010	Sept 2010	Oct 2010	Nov 2010	Dec 2010	Jan 2011	Feb 2011	March 2011	April 2011	May 2011	June 2011	TOTAL
Monthly Projections by Source	R'00	R'00	R'00	R'00	R'00	R'00	R'00	R'00	R'00	R'00	R'00	R'00	AMOUNT
Property Rates	-	-	-	-	-	-	-	-	-	-	-	-	-
Traffic Fines	-	-	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	50,000
Licensing (Leaners)	98,681	98,681	98,681	98,681	98,681	98,681	98,681	98,681	98,681	98,681	98,681	98,681	1,184,170
Vehicle Licensing	-	-	140,009	140,009	140,009	140,009	140,009	140,009	140,009	140,009	140,009	140,009	1,400,088
Interest & Investment Income	16,881	16,881	16,881	16,881	16,881	16,881	16,881	16,881	16,881	16,881	16,881	16,881	202,570
Operational Grants and Subsidies	14,895,987	1,950,000	265,000	-	11,916,790	-	-	-	8,937,223	-	-	-	37,965,000
Rent of Facilities & Equipment	2,667	2,667	2,667	2,667	2,667	2,667	2,667	2,667	2,667	2,667	2,667	2,667	32,000
Capital Grants and Subsidies	2,300,000	2,388,000	2,700,000	2,800,000	4,000,000	-	2,675,000	3,175,000	2,675,000	2,675,000	-	-	25,388,000.00
Investment withdrawn	-	-	-	-	-	-	-	-	-	-	-	-	-
Other income	-	5,000	-	-	2,500	-	-	2,500	-	-	-	-	10,000
Total Revenue By Source (Balanced to Cash Flow)	17,314,215	4,461,228	3,228,237	3,063,237	16,182,527	263,237	2,938,237	3,440,737	11,875,460	2,938,237	263,237	263,237	66,231,828

Monthly Projections of Revenue & Expenditure by Vote	
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	July			August			September			October			November			December		
	Opex R'00	Capex R'00	Revenue R'00	Opex R'00	Capex R'00	Revenue R'00	Opex R'00	Capex R'00	Revenue R'00	Opex R'00	Capex R'00	Revenue R'00	Opex R'00	Capex R'00	Revenue R'00	Opex R'00	Capex R'00	Revenue R'00
Expenditure and Revenue by Vote																		
Department - Executive and Council																		
Vote: Council	419,124			444,124			431,624			431,624			456,624			419,124		
Vote: Management	144,368		14,895,987	169,368			200,281			343,243			169,368		11,916,790	911,443		
Department - Finance																		
Vote: Budget and Treasury Office	453,620		19,548	338,620		1,974,548	450,815		19,548	375,086		19,548	768,020		22,048	521,291		19,548
Department - Corporate Services																		
Vote: Administration and HR	852,937			500,437			352,937			427,937			360,437			402,937		
Department - Planning & Development																		
Vote: Technical Services	298,962	2,450,366	2,300,000	437,861	2,240,781	2,388,000	269,103	1,835,030	2,870,000	294,342	3,418,798	2,800,000	341,603	3,603,588	4,000,000	435,770	117,000	-
Department - Community Services																		
Vote: Community & Social Services	1,106,222			199,254			196,034			188,534			222,378			296,034		
Vote: Library	55,901			103,401			94,389		95,000	55,901			68,643			111,889		
Vote: Traffic Department	420,963		98,681	140,963		98,681	196,034		243,690	215,963			123,463		243,690	138,463		243,690
Department - LED																		
Vote: LED																		
Total By Vote	3,752,098	2,450,366	17,314,215	2,334,028	2,240,781	4,461,228	2,191,217	1,835,030	3,228,237	2,332,631	3,418,798	2,819,548	2,510,536	3,603,588	16,182,527	3,236,951	117,000	263,237

Monthly Projections of Revenue & Expenditure by Vote	
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	January			February			March			April			May			June		
	Opex R'00	Capex R'00	Revenue R'00	Opex R'00	Capex R'00	Revenue R'00	Opex R'00	Capex R'00	Revenue R'00	Opex R'00	Capex R'00	Revenue R'00	Opex R'00	Capex R'00	Revenue R'00	Opex R'00	Capex R'00	Revenue R'00
Expenditure and Revenue by Vote																		
Department - Municipal Managers Office																		
Vote: Council	431,624			469,124			431,624			431,624			444,124			419,124		
Vote: Management	144,368			248,918			200,281		8,937,223	344,368			144,368			403,497		
Department - Finance																		
Vote: Budget and Treasury Office	450,126		19,548	328,620		22,048	660,855		19,548	375,086		19,548	328,620		19,548	588,564		19,548
Department - Corporate Services																		
Vote: Administration & HR	382,937			435,437			467,937			402,937			352,937			619,401		
Department - Technical																		
Vote: Planning & Development	321,363	175,500	2,675,000	341,765	2,542,934	3,175,000	246,702	718,298	2,675,000	170,869	2,154,883	2,675,000	119,202	2,154,883	-	307,739	3,975,939	-
Department - Community Services																		
Vote: Community & Social Services	188,534			188,534			646,034			197,378			188,534			494,317		
Vote: Library	63,401			80,901			84,389			55,901			58,643			168,171		
Vote: Traffic	93,463		243,690	113,463		243,690	168,463		243,690	93,463		243,690			243,690	264,449		243,690
Department - LED																		
Vote: LED																		
Total By Vote	2,075,817	175,500	2,938,237	2,206,762	2,542,934	3,440,737	2,906,285	718,298	11,875,460	2,071,627	2,154,883	2,938,237	1,729,892	2,154,883	263,237	3,265,263	3,975,939	263,237

CASH FLOW (BUDGET): 2010/2011

	JULY	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	TOTALS
Bank balance	-	11,072,811	10,920,290	10,143,411	7,416,280	17,445,742	14,316,088	14,964,068	13,616,168	21,828,104	20,500,891	16,840,413	-
SOURCES INFLOW													
Property Rates	-	-	-	-	-	-	-	-	-	-	-	-	-
Traffic Fines	-	-	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	50,000
Licensing	98,681	98,681	98,681	98,681	98,681	98,681	98,681	98,681	98,681	98,681	98,681	98,681	1,184,170
Vehicle Licensing	-	-	140,009	140,009	140,009	140,009	140,009	140,009	140,009	140,009	140,009	140,009	1,400,088
Operational Grants and Subsidies	14,895,987	1,950,000	265,000	-	11,916,790	-	-	-	8,937,223	-	-	-	37,965,000
Capital Grants	2,300,000	2,388,000	2,700,000	2,800,000	4,000,000	-	2,675,000	3,175,000	2,675,000	2,675,000	-	-	25,388,000
Rental Income	2,667	2,667	2,667	2,667	2,667	2,667	2,667	2,667	2,667	2,667	2,667	2,667	32,000
Interest on Investments	16,881	16,881	16,881	16,881	16,881	16,881	16,881	16,881	16,881	16,881	16,881	16,881	202,570
Other income	-	5,000	-	-	2,500	-	-	2,500	-	-	-	-	10,000
TOTAL INFLOW	17,314,215	4,461,228	3,228,237	3,063,237	16,182,527	263,237	2,938,237	3,440,737	11,875,460	2,938,237	263,237	263,237	66,231,828
CASH OUTFLOW													
Salaries, wages & allowances	1,371,943	1,371,943	1,371,943	1,371,943	1,374,685	1,371,943	1,371,943	1,371,943	1,371,943	1,371,943	1,374,685	1,976,903	17,073,765
Capital Expenditure	2,450,366	2,240,781	1,835,030	3,418,798	3,603,588	117,000	175,500	2,542,934	718,298	2,154,883	2,154,883	3,975,939	25,388,000
Repairs and Maintenance	-	16,667	25,695	51,667	-	57,362	-	16,667	25,695	51,667	-	57,362	302,780
Other general Expenses	2,419,094	984,358	772,448	947,961	1,174,791	1,846,587	742,814	857,092	1,547,587	686,957	394,146	1,349,380	13,723,215
Investment made													
TOTAL OUTFLOW	6,241,404	4,613,749	4,005,116	5,790,369	6,153,065	3,392,892	2,290,257	4,788,637	3,663,524	4,265,450	3,923,715	7,359,583	56,487,760
Bank balance	11,072,811	10,920,290	10,143,411	7,416,280	17,445,742	14,316,088	14,964,068	13,616,168	21,828,104	20,500,891	16,840,413	9,744,068	9,744,068

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Quarterly Projections for Service Delivery Targets and other Performance Indicators

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Quarterly Projections for Service Delivery Targets and other Performance Indicators
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Vote / Indicator	Unit of Measurement	Annual Target	Revised Target	Quarter Ending		Quarter Ending		Quarter Ending		Quarter Ending		Explanation of Variance
				September		December		March		June		
				Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual	
Department - Corporate Services												
1. Vote: Corporate and HR												
1.1 Administration												
Compilation Agendas & Minutes	No. of Agendas and Minutes											
Full Council Meetings	No. of Agendas and Minutes	4		1		1		1		1		
Full Exco Meeting	No. of Agendas and Minutes	12		3		3		3		3		
Portfolio Committee Meetings	No. of Agendas and Minutes	36		9		9		9		9		
Performance Management System	PMS Implemented by July 2010 - June 2011	4								1		
	Annual Performance Report	1		1								
	PMS Quaterly Reviews	4		1		1		1		1		
	Midyear Review	1						1				
Municipal Website	No. of upgrades											
Skills Development Plan	Workplace Skills plan - June 2011	1								1		
Job Evaluation	Implementation of Job Evaluation Wage Curves	1		1								
Draft 2011/2012 budget proposals	Submit to finance in February 2011	1						1				
Draft 2011/2012 budget publication	Published in April 2011 & website	1						1				
Draft SDBIP for 2011/12	Submit in March 2011	2						1		1		
Approved 2011/2012 budget	Published in June 2011	1								1		
Performance agreements and SDBIP for 2011/12	Made Public in July 2011	1		1								
Municipal Manager	Appointment by	1		1								
Cheif Financial Officer	Appointment by	1		1								
Review of the existing organogram	Allignment of position to powers and function of the municipality and Filling of vacant position	2		1		1						

Quarterly Projections for Service Delivery Targets and other Performance Indicators

Vote / Indicator	Unit of Measurement	Annual Target	Revised Target	Quarter Ending	Quarter Ending	Quarter Ending	Quarter Ending	Projected	Actual	Projected	Actual	Explanation of Variance
				September	December	March	June					
				Projected	Actual	Projected	Actual					
Department - Financial Services												
(Chief Financial Officer)												
1. Vote: Finance & Administration												
1.1 Budget & Management Accounts												
Compilation of financial statements in terms of MFMA	Submitted to Auditor General by 31 August 2010											
Time schedule of deadlines for 2011/2012 budget	Submitted in August 2011 to NT & PT	1		1								
Budget statements in terms of gazette 3124 dated April 2009	No. of Statements											
Implementation of budget	No. of Reports	4		1		1		1		1		
Consolidate & prepare proposed 2010/11 budget adjustment	Started in December 2010	1				1						
6th monthly budget statement (section 72 of MFMA)	Tabled in January 2011	1						1				
Adjustment budget for 2010/11	Tabled in February 2011	1						1				
Budget related policies	Finalised in February 2011	1						1				
Draft 2011/2012 budget	Tabled in March 2011	1						1				
Draft S D B I P for 2011/2012	Tabled in March 2011	1						1				
Primary banking account detail to Provincial Treasury & Auditor General	Forwarded in June 2011	1								1		
Draft 2011/2012 budget to NT (3 copies)	Forwarded in April 2011	1								1		
Final 2011/2012 budget	Approved in May 2011	1								1		
Final 2011/2012 budget to NT	Forwarded in June 2011	1								1		
S D B I P for 2011/2012	Approved in June 2011	1								1		
Finance Portfolio meetings	No. Of meetings	12		3		3		3		3		
Asset Management (GRAP Compliant)	Purchasing of Assets system					1						
Interns	Appointment of interns	3		3								
1.2 Revenue												
Monitor debtor collection targets	Monitored in September 2010	4		1		1		1		1		
Complaints received on unaccurate accounts	Monthly if any complains											
Debtor management	Review of Debtors policy	1		1								
1.3 Expenditure												
DORA reports on all grants received	Submitted Monthly	100%		100%		100%		100%		100%		
SCM reports in accordance with regulations, policy and procedures	Submitted Monthly	12		3		3		3		3		
Suppliers on municipality's database	Completed in July 2010											
	Completed within 7 working days of the end of the month											
Payroll is completed timeously and accurately												
Payment of creditors on time in terms of Section 65 of the MFMA	No.paid on time	100%		100%		100%		100%		100%		
Expenditure on staff salaries, wages, allowances benefits and general expenses	Report quarterly to Finance Portfolio	4		1		1		1		1		
1.4 Supply Chain Management												
		4		1		1		1		1		

Quarterly Projections for Service Delivery Targets and other Performance Indicators

Vote / Indicator	Unit of Measurement	Annual Target	Revised Target	Quarter Ending		Quarter Ending		Quarter Ending		Quarter Ending		Explanation of Variance
				September	December	September	December	March	June			
Department - Community Services												
Director Community Services and Traffic												
1. Vote: Community & Social Services												
Draft 2011/2012 budget proposals	Submit to finance in February 2011	1						1				
Draft SDBIP for 2011/12	Submit in March 2011	1						1				
Refuse Removal	Procurement of Tipper Truck	1		1								
	Procurement of Skips	30		15				15				
	Safety Clothes	20				20						
	Refuse Bags	150		150								
Municipal Gardens	Maintenance of parkhomes, traffic and sports fields	5		3		1				1		
Special programmes	Coordinate and support disability programmes	2				1		1				
	No. Of agendas and minutes	4		1		1		1		1		
Portfolio committee meetings	No. Of agendas and minutes	12		3		3		3		3		
Complaint management system	Action taken to address community complains	12		3		3		3		3		
Public participation	Awereness campain	4		1		1		1		1		
Fire Services	No. Of fire breaks	4		1		1		1		1		
2. Vote: Traffic												
3. Vote Library Services												
Library Promotions	No of Fuctions	4		1				2		1		
Conferences	No of meetings or conferences	2		1		1						

		Annual	Revised	Quarter Ending	Quarter Ending	Quarter Ending	Quarter Ending					
		Target	Target	September	Actual	December	Actual	March	Actual	June	Actual	
Vote / Indicator	Unit of Measurement			Projected		Projected		Projected		Projected		Explanation of Variance
Department of Technical and Planning												
<u>4. Vote: Planning & Development</u>												
Infrastructure Plan	Complete document to be adopted by council	1										
Implementation Plan - Mbazwane	Complete document to be adopted by council	1										
Waste Management Plan	Complete document to be adopted by council	1										
Frame Work Plan - Manguzi	Complete document to be adopted by council	1										
Draft Intergrated Development Plan	Approval by January 2011	1										
Final Intergrated Development Plan	Approval by February 2011	1										
Draft 2011/2012 budget proposals	Submit to finance in February 2011	1										
Draft SDBIP for 2011/12	Submit in March 2011	1										
Portfolio meetings	No. of Meetings	12		3		3		3		3		
MIG Dora Meetings	No. of Meetings	12		3		3		3		3		
Project Consolidate	No. of Meetings	12		3		3		3		3		
DOT	No. of Meetings	4		1		1		1		1		
District Infrastructure	No. of Meetings	4		1		1		1		1		
DBSA tech Report Session	No. of Meetings	4		1		1		1		1		
Infrastructure Service providers Forum	No. of Meetings	4		1		1		1		1		
Land Use Management	No. of Meetings	4		1		1		1		1		

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